

APPENDIX RECIPROCAL COMPENSATION

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APPENDIX RECIPROCAL COMPENSATION
(Mutual Compensation for Transport, Termination, and Transiting)

1. INTRODUCTION

- 1.1 This Appendix sets forth terms and conditions for Reciprocal Compensation provided by the applicable SBC Communications Inc. (SBC) owned Incumbent Local Exchange Carrier (ILEC) and CLEC.
- 1.2 SBC Communications Inc. (SBC) means the holding company which owns the following ILECs: Illinois Bell Telephone Company, Indiana Bell Telephone Company Incorporated, Michigan Bell Telephone Company, Nevada Bell Telephone Company, The Ohio Bell Telephone Company, Pacific Bell Telephone Company, The Southern New England Telephone Company, Southwestern Bell Telephone Company and/or Wisconsin Bell, Inc. d/b/a Ameritech Wisconsin.
- 1.3 **SBC-13STATE** - As used herein, **SBC-13STATE** means the applicable above listed ILEC(s) doing business in Arkansas, California, Connecticut, Illinois, Indiana, Kansas, Michigan, Missouri, Nevada, Ohio, Oklahoma, Texas, and Wisconsin.
- 1.4 **SBC-12STATE** - As used herein, **SBC-12STATE** means the applicable above listed ILEC(s) doing business in Arkansas, California, Illinois, Indiana, Kansas, Michigan, Missouri, Nevada, Ohio, Oklahoma, Texas, and Wisconsin.
- 1.5 **SBC-AMERITECH** - As used herein, **SBC-AMERITECH** means the applicable above listed ILEC(s) doing business in Illinois, Indiana, Michigan, Ohio, and Wisconsin.
- 1.6 **SBC-SWBT** - As used herein, **SBC-SWBT** means the applicable above listed ILEC(s) doing business in Arkansas, Kansas, Missouri, Oklahoma, and Texas.
- 1.7 **SWBT-MO** - As used herein, **SWBT-MO** means the applicable above listed ILEC doing business in Missouri.
- 1.8 **SWBT-OK** - As used herein, **SWBT-OK** means the applicable above listed ILEC doing business in Oklahoma.
- 1.9 **SWBT-KS** - As used herein, **SWBT-KS** means the applicable above listed ILEC doing business in Kansas.
- 1.10 **SWBT-AR**-As used herein, **SWBT-AR** means the applicable above listed ILEC doing business in Arkansas.

- 1.11 **SWBT-TX** - As used herein, **SWBT-TX** means the applicable above listed ILEC doing business in Texas.
- 1.12 **PACIFIC** - As used herein, **PACIFIC** means the applicable above listed ILEC doing business in California.
- 1.13 **NEVADA** - As used herein, **NEVADA** means the applicable above listed ILEC doing business in Nevada.
- 1.14 **SNET** - As used herein, **SNET** means the applicable above listed ILEC doing business in Connecticut.

2. TRANSMISSION AND ROUTING OF TELEPHONE EXCHANGE SERVICE TRAFFIC RELEVANT TO COMPENSATION

- 2.1 The Telecommunications traffic exchanged between CLEC and **SBC-13STATE** will be classified as either Local Calls, Transit Traffic, Optional Calling Area Traffic, intraLATA Toll Traffic, and interLATA Toll Traffic. Local Calls are defined in Section 2.6. Except in **PACIFIC**, **AM-IL**, **AM-MI**, and **SWBT-TX** territory where the issue is subject to arbitration decisions, the Parties continue to disagree as to whether ISP calls constitute Local Calls subject to Reciprocal Compensation obligations in the other **SBC-13STATE** jurisdictions. By entering into this Agreement, neither Party waives its right to advocate its view with respect to this issue.
- 2.2 Reciprocal compensation applies for transport and termination of Local Calls. When an End User originates a Local Call which terminates to an End User served by the other Party or, if operating in **SBC-7STATE**, through the other Party's Unbundled Network Element (UNE) switch port, the originating Party shall compensate the terminating Party for the transport and termination of Local Calls at the rate(s) provided in Appendix Pricing. Calls originated over UNEs in areas served by ILECs owned by SBC, in Connecticut, Illinois, Michigan, Ohio, Indiana, and Wisconsin, are not subject to reciprocal compensation since the rates for unbundled local switching reflect and include the costs of call termination.
- 2.3 The Parties' obligation to pay reciprocal compensation to each other shall commence on the date the Parties agree that the network is complete (i.e., each Party has established its trunks) and is capable of supporting terminating End Users' (and not a Party's test) traffic.

- 2.4 The compensation arrangements set forth in this Appendix are not applicable to (i) Exchange Access traffic, (ii) traffic originated by one Party on a number ported to its network that terminates to another number ported on that same Party's network or (iii) any other type of traffic found to be exempt from reciprocal compensation by the FCC or the Commission. All Exchange Access traffic and intraLATA Toll Traffic shall continue to be governed by the terms and conditions of applicable federal and state tariffs.
- 2.5 In **SWBT-TX** territory, the Parties agree to abide by the Texas PUC's decision in Docket No. 21982 regarding the obligation to pay reciprocal compensation for traffic to ISPs and for FX traffic. As ordered by the Texas PUC in Docket No. 21982, ISP-bound traffic is local in nature and eligible for reciprocal compensation. If the designation of ISP-bound traffic as Local Calls is subject to a successful future challenge at the FCC and/or in the courts, it is still reasonable to compensate such traffic in the same manner as Local Calls. To the extent that FX and 8YY traffic do not terminate within a mandatory local calling scope, they are not eligible for reciprocal compensation. This does not preclude CLECs from establishing their own local calling areas or prices for the purpose of retail telephone service offerings.
- 2.5.1 Within ninety (90) calendar days of the execution of this Agreement, unless the Parties agree to an extension, both Parties shall negotiate to establish a mutually agreed upon method of segregating and tracking FX traffic.
- 2.6 In **PACIFIC** territory, the Parties agree that the outcome of the California PUC's rulemaking in Docket No. R. 00-02-005 regarding reciprocal compensation for traffic to ISPs and the definition of Local Calls will be incorporated into this Agreement on a prospective basis. In the interim, as ordered by the California PUC in Docket No. 00-04-037, **PACIFIC** shall pay reciprocal compensation to CLEC for ISP-bound calls, FX Service, and virtual NXX calls. As Ordered by the California PUC in Docket No. 00-04-037, **PACIFIC** is authorized to apply for retroactive true up of any disputed reciprocal compensation amounts paid as a result of this arbitration; nothing in this Agreement, however, shall be construed to authorized true-up or to imply that a true-up is contemplated under this Agreement.
- 2.7 As ordered by the Illinois Commerce Commission in Docket No. 00-0332, in **AM-IL** territory, calls terminating to ISPs are Local Calls for which reciprocal compensation shall be paid, however, FX Service calls and virtual NXX calls are not subject to reciprocal compensation. The Parties note that the Commission may adjust the reciprocal compensation rate based upon the conclusions reached by the Commission in its generic reciprocal compensation docket (Docket No. 00-0555). The Parties agree that should the Commission order an adjustment to the reciprocal compensation rate in

Docket No. 00-0555, including a possible true-up or retroactive payment, the adjusted rate will not apply to any period prior to the approval of this interconnection agreement; nothing in this Agreement, however, shall be construed to authorize a true-up or to imply that a true-up is contemplated under this Agreement.

- 2.8 As ordered by the Michigan PSC in Docket No. U-12460 (pending further consideration in Docket No. U-12528), in **AM-MI** territory, FX Service, ISP-bound calls, and virtual NXX calls are Local Calls for which reciprocal compensation shall be paid to the terminating carrier.
- 2.9 “Local Calls” or “Local Traffic”, (pending further consideration for Michigan in Michigan PSC Docket No. U-12528) for purposes of intercarrier compensation, is traffic where all calls are within the same common local and common mandatory local calling area, i.e., within the same or different **SBC-13STATES** Exchange(s) that participate in the same common local or common mandatory local calling area as outlined in the applicable state Local Exchange Tariff.
- 2.10 Private Line Services include private line-like and special access services and are not subject to local reciprocal compensation. Private Line Services are defined as dedicated Telecommunications channels provided between two points or switched among multiple points and are used for voice, data, audio or video transmission. Private Line services include, but are not limited to, WATS access lines.
- 2.11 As ordered by the California PUC in Docket No. 00-04-037 and the Texas PUC in Docket No. 22441, with respect to FX Traffic additional facilities compensation may apply, such compensation is addressed in Appendix FX.

3. RESPONSIBILITIES OF THE PARTIES

- 3.1 Each Party to this Appendix will be responsible for the accuracy and quality of its data as submitted to the respective Parties involved.
- 3.2 Where SS7 connections exist, each Party will include in the information transmitted to the other for each call originated by one Party being terminated on the other’s network, where available, the original and true Calling Party Number (CPN).
- 3.3 If one Party is passing CPN but the other Party is not properly receiving information, the Parties will work cooperatively to correct the problem.
- 3.4 Where SS7 connections exist, if the percentage of calls passed with CPN is greater than ninety percent (90%), all calls exchanged without CPN information will be billed as

either Local Traffic or intraLATA Toll Traffic in direct proportion to the minutes of use (MOU) of calls exchanged with CPN information. If the percentage of calls passed with CPN is less than ninety percent (90%), all calls passed without CPN will be billed as intraLATA switched access.

- 3.5 Where the Parties are performing a transiting function as defined in Section 6.1, the transiting Party will pass the original and true CPN if it is received from the originating third party. If the original and true CPN is not received from the originating third party, the Party performing the transiting function can not forward the CPN and will not be billed as the default originator.

4 LOCAL TRAFFIC COMPENSATION

- 4.1 The rates, terms, conditions contained herein apply only to the termination of Local Calls that originate and terminate to carriers that are authorized as LECs, CLECs, or ILECs within the State. All applicable state-specific rate elements can be found in Appendix Pricing, except that the applicable rates for **SWBT-TX** are provided in this Appendix Reciprocal Compensation.

4.2 Tandem Office Switch Served Rate

- 4.2.1 Tandem Office Switch served rate applies to Local Traffic that is delivered to the Parties for termination at the Tandem Office Switch.

4.3 End Office Switch Served Rate

- 4.3.1 The End Office Switch served rate applies to Local Traffic that is delivered to the Parties for termination at an End Office Switch. This includes direct-routed Local Traffic that terminates to offices that have combined Tandem Office Switch and End Office Switch functions.

4.4 Rate Elements — SWBT-TX ONLY

- 4.4.1 Tandem Switching – As ordered by the Texas PUC in Docket No. 21982, the applicable rate for compensation for the use of tandem switching functions is:

- 4.4.2 Tandem Switching \$.000794 per MOU

- 4.4.3 Tandem Transport – As ordered by the Texas PUC in Docket No. 21982, the applicable rates for compensation for the transmission facilities between the local tandem and the end offices subtending that tandem are:

- a.) Common Transport Termination \$.000135 per MOU
- b.) Common Transport Facility \$.000002 per MOU per mile

4.4.4 End Office Switching - As ordered by the Texas PUC in Docket No. 21982, compensation for the local end office switching and line termination functions necessary to complete the transmission, consists of a call set-up rate element and a duration rate element and the applicable rates are as follows:

- a.) End Office Setup \$.0010887 per Message
- b.) End Office Duration \$.0010423 per MOU

4.5 Reciprocal Compensation for Local Traffic Terminated by a Party Utilizing a Hierarchical or Two-Tier Switch Network (**SWBT-TX ONLY**)

4.5.1 As ordered by the Texas PUC in Docket No. 21982, transport and termination rates will vary according to whether the traffic is routed through a tandem switch or directly to an end office switch. The transport and termination rates assessed on the originating carrier shall reflect the functions performed by the terminating carrier in transporting and terminating the calls. Where the terminating party utilizes a hierarchical or two-tier switch network (i.e., separate switches performing tandem and end office functions), the compensation rate for Local Traffic terminated to the party's tandem switch shall consist of the summation of the rates for tandem switching, tandem transport and end office switching as listed in Section 4.4 above.

4.5.2 As ordered by the Texas PUC in Docket No. 21982, where the terminating party utilizes a hierarchical or two-tier switch network, the End Office Switching rate, as described in Section 4.4.4. above, applies to direct-routed Local Traffic terminating at the carrier's End Office Switch. This includes direct-routed Local Traffic that terminates to offices that have combined tandem and end office functions.

4.6 Reciprocal Compensation for Local Traffic Terminated by a Party that does not Utilize a Hierarchical or Two-Tier Switch Network (**SWBT-TX ONLY**)

4.6.1 As ordered by the Texas PUC in Docket No. 21982, for Local Traffic terminated by a LEC that does not have a two-tier or hierarchical switch, but instead employs multiple-function switches, a tandem blended rate applies. This rate is calculated as follows:

End Office Switching + .42 [Tandem Switching + (Common Transport Termination + (14 * Common Transport Facility))]

- 4.6.2 As ordered by the Texas PUC in Docket No. 21982, for purposes of this tandem blended rate, the end office rate, the tandem switching rate, and the tandem transport rates are the rates defined in Section 4.4.
- 4.6.3 The percentage is the approximate percentage of traffic terminated on SWBT's network using tandems (42%), which serves as the proxy for SWBT traffic terminated on the CLECs' networks that involves the performance of tandem or tandem-like functions. As ordered by the Texas PUC in Docket No. 21982, this tandem blended rate applies until a 3:1 ratio (terminating to originating traffic) threshold is reached. After the 3:1 ratio is reached, only the End Office Switching rate of section 4.4.4 applies, unless the terminating carrier demonstrates actual tandem or tandem-like functionality.
- 4.6.4 As ordered by the Texas PUC in Docket No. 21982, the terminating carrier may demonstrate actual tandem or tandem-like functionality in the delivery of this "excess" traffic, in either an arbitration proceeding or other appropriate proceeding designated by the Commission, such as a post-interconnection agreement dispute proceeding, using various network design factors that demonstrate the existence of a network serving an area comparable to the ILEC's geographic area with tandem or tandem-like functions, a network designed to both send and receive customer traffic for the purpose of serving a dispersed customer base. Merely evidencing a capability to serve a comparable geographic area will not rebut the presumption. The network design factors upon which a carrier may make its case include, but are not limited to:
- 4.6.4.1 the number and capacity of central office switches;
 - 4.6.4.2 the number of points of interconnection offered to other local exchange carriers;
 - 4.6.4.3 the number of collocation cages;
 - 4.6.4.4 the presence of SONET rings and other types of transport facilities;
 - 4.6.4.5 the presence of local distribution facilities such as coaxial cable and/or unbundled loops; or

4.6.4.6 any other indicia reliably demonstrating that the carrier is transporting a significant volume of traffic to a geographically dispersed area.

4.6.5 As ordered by the Texas PUC in Docket No. 21982, upon a demonstration of actual tandem or tandem-like functionality, the terminating carrier will receive, on a going-forward basis, compensation in the range of 0% to 100% of the tandem rate, depending on the extent to which actual tandem or tandem-like functionality is proven to occur. This rate shall prospectively apply to all of traffic terminated on the terminating carrier's network.

5. OPTIONAL CALLING AREA TRAFFIC -- SBC-SWBT

5.1 Compensation for Optional Calling Area (OCA) Traffic is for the termination of intercompany traffic to and from the one-way or two-way optional exchanges(s) and the associated metropolitan area. The rate for compensation for OCA traffic will be the lesser of the cost-based interconnection rates listed or, the interconnection rates in effect between **SBC-SWBT** and other ILECs for such traffic.

5.2 In the context of this Appendix, Optional Calling Areas (OCAs) exist only in the states of Missouri, Oklahoma, Kansas, Arkansas, and Texas, and are outlined in the applicable state Local Exchange tariffs. This rate is independent of any retail service arrangement established by either Party. CLEC/ILEC is not precluded from establishing its own local calling areas or prices for purposes of retail telephone service; however the terminating rates to be used for any such offering will still be administered as described in this Appendix.

5.3 The state specific OCA Transport and Termination rates are outlined in Appendix Pricing.

6. TRANSIT TRAFFIC COMPENSATION

6.1 Transiting Service allows one Party to send Local, Optional, intraLATA Toll Traffic, and 800 intraLATA Toll Traffic to a third party network through the other Party's tandem. A Transiting rate element applies to all MOUs between a Party and third party networks that transits a **SBC-13STATE** or CLEC network. The originating Party is responsible for payment of the appropriate rates. The Transiting rate element is only applicable when calls do not originate with (or terminate to) the transit Party's End User. The rates that **SBC-13STATE** shall charge for transiting CLEC traffic are outlined in Appendix Pricing.

- 6.2 The Parties agree to enter into their own agreement with third party Telecommunications Carriers to the extent required by and as provided in Appendix ITR. The terminating party and the tandem provider will bill their respective portions of the charges directly to the originating party, and neither the terminating party nor the tandem provider will be required to function as a billing intermediary, e.g. clearinghouse.
- 6.3 The CLEC shall not bill **SBC-13STATE** for terminating any Transit traffic, whether identified or unidentified, i.e. whether **SBC-13STATE** is sent CPN or is not sent CPN by the originating company.
- 6.4 In those **SBC-13STATE**s where Primary Toll Carrier (PTC) arrangements are mandated, for intraLATA Toll Traffic which is subject to a PTC arrangement and where **SBC-13STATE** is the PTC, **SBC-13STATE** shall deliver such intraLATA Toll Traffic to the terminating carrier in accordance with the terms and conditions of such PTC arrangement. Upon receipt of verifiable Primary Toll records, **SBC-13STATE** shall reimburse the terminating carrier at **SBC-13STATE**'s applicable tariffed terminating switched access rates. When transport mileage cannot be determined, an average transit transport mileage shall be applied as set forth in Appendix Pricing.

7. OPTIONAL CALLING AREA TRANSIT TRAFFIC -- SWBT-MO, SWBT-KS, SWBT-AR, SWBT-TX

- 7.1 In the states of Texas, Missouri, Kansas, and Arkansas, the Optional Area Transit Traffic rate element applies when one End User is in a **SBC-SWBT** one-way or two-way optional exchange and the other End User is within the **SWBT-MO**, **SWBT-KS**, **SWBT-AR**, and/or **SWBT-TX** local or mandatory exchanges. The Parties agree to apply the Optional Area Transit rate to traffic terminating to third party ILEC that shares a common mandatory local calling area with all **SWBT-MO**, **SWBT-KS**, **SWBT-AR**, and **SWBT-TX** exchanges included in a specific metropolitan exchange area. The Optional Area Transit Traffic rates that will be billed are outlined in Appendix Pricing. The specific NXXs and associated calling scopes can be located in the applicable state Local Exchange tariff.

8. OUT OF REGION TRANSITING -- SBC-SWBT

- 8.1 The Parties also acknowledge that traffic originated in third party ILEC exchange areas may traverse the **SBC-SWBT** Tandem Office Switch and terminate in other third party LEC exchange areas. Although direct connections could be used for this traffic, **SBC-SWBT** agrees to transit this traffic for the rate of \$0.006 per MOU if the other LEC exchanges share a common mandatory local calling area with all **SBC-SWBT** exchanges included in a metropolitan exchange area.

9. INTRALATA 800 TRAFFIC

- 9.1 Only queried intraLATA 800 traffic may be delivered to **SBC-13STATE** over the Local intraLATA Trunks. If the queried 800 traffic is determined to be InterLATA than the traffic must be delivered over the InterLATA Meet Point Trunks. If **SBC-13STATE** performs the 800 query function, the Traffic may be delivered to **SBC-13STATE** over the InterLATA Meet Point Trunks. If the Local/intraLATA Trunks are used and Requesting Carrier performs the 800 query function, the intraLATA 800 Traffic will be recorded as toll calls. If the Access Toll Connecting Trunks are used, **SBC-13STATE** will not record the intraLATA 800 Traffic.
- 9.2 The Parties shall provide to each other intraLATA 800 Access Detail Usage Data for Customer billing and intraLATA 800 Copy Detail Usage Data for access billing in Exchange Message Interface (EMI) format. The Parties agree to provide this data to each other at no charge. In the event of errors, omissions, or inaccuracies in data received from either Party, the liability of the Party providing such data shall be limited to the provision of corrected data only. If the originating Party does not send an End User billable record to the terminating Party, the originating Party will not bill the terminating Party any interconnection charges for this traffic.
- 9.3 IntraLATA 800 Traffic calls are billed to and paid for by the called or terminating Party, regardless of which Party performs the 800 query. Billing shall be based on originating and terminating NPA/NXX.

10. MEET-POINT-BILLING (MPB) SPECIAL and SWITCHED ACCESS TRAFFIC COMPENSATION -- SBC-12 STATE

- 10.1 This Section 10 refers to the MPB arrangements for **SBC-12STATEs**. Applicable MPB guidelines for **SNET** are located in the Meet Point Billing Agreement for **SNET**.
- 10.2 Intercarrier compensation for Special Access Traffic shall be on a MPB basis as described below.
- 10.3 The Parties will establish MPB arrangements in order to provide Switched Access Services to IXC and ESPs via the respective carrier's Tandem Office Switch switches in accordance with the MPB guidelines adopted by and either contained in, or upon approval to be added in future to the Ordering and Billing Forum's MECOD and MECAB documents.
- 10.4 Billing to Interexchange Carriers (IXCs) and ESPs for the Switched Exchange Access Services jointly provided by the Parties via MPB arrangements shall be according to the

multiple bill/single tariff method. As described in the MECAB document, each Party will render a bill in accordance with its own tariff for that portion of the service it provides. Each Party will bill its own network access service rates to the IXC. The residual interconnection charge (RIC), if any, will be billed by the Party providing the end office function. For the purpose of this Appendix, CLEC is the Initial Billing Company (IBC) and **SBC-12STATE** is the Subsequent Billing Company.

- 10.5 The Parties will maintain provisions in their respective federal and state access tariffs, or provisions within the National Exchange Carrier Association (NECA) Tariff No. 4, or any successor tariff, sufficient to reflect this MPB arrangement, including MPB percentages.
- 10.6 As detailed in the MECAB document, the Parties will, in accordance with appropriate billing cycle intervals defined herein, exchange all information necessary to accurately, reliably and promptly bill third parties for Switched Access Services traffic jointly handled by the Parties via the Meet Point arrangement. Information shall be exchanged in a mutually acceptable electronic file transfer protocol. Where the EMI records cannot be transferred due to a transmission failure, records can be provided via a mutually acceptable medium. The initial billing company (IBC) will provide the information to the subsequent billing company within ten (10) working days of sending the IBC's bills. The exchange of records to accommodate MPB will be on a reciprocal, no charge basis.
- 10.7 MPB shall also apply to all jointly provided MOU traffic bearing the 900, or toll free NPAs (e.g., 800, 877, 866, 888 NPAs, or any other non-geographic NPAs) which may likewise be designated for such traffic in the future where the responsible party is an IXC or ESP. When ILEC performs 800 database queries, ILEC will charge the end office provider for the database query in accordance with standard industry practices.
- 10.8 Each Party shall coordinate and exchange the billing account reference (BAR) and billing account cross reference (BACR) numbers for the Meet Point Billing service. Each Party shall notify the other if the level of billing or other BAR/BACR elements change, resulting in a new BAR/BACR number.
- 10.9 For purposes of this Appendix the Party to whom the End Office Switch belongs is the IBC and the Party to whom the Tandem Office Switch belongs is the secondary billing company. The secondary billing company will provide the IBC with the Exchange Access detailed usage data within thirty (30) days of the recording date. The IBC will provide to the secondary billing company the Exchange Access summary usage data within ten (10) working days of the IBC's bill date to the IXC and/or ESP. **SBC-12STATE** acknowledges that currently there is no charge for Summary Usage Data Records but that such a charge may be appropriate. At CLEC's request, **SBC-**

12STATE will negotiate a mutual and reciprocal charge for provision of Summary Usage Data Records.

10.10 **SBC-12STATE** and CLEC agree to provide the other Party with notification of any discovered errors within ten (10) business days of the discovery.

10.11 In the event of a loss of data, both Parties shall cooperate to reconstruct the lost data within sixty (60) days of notification and if such reconstruction is not possible, shall accept a reasonable estimate of the lost data, based upon no more than three (3) to twelve (12) consecutive months of prior usage data.

11. INTRALATA INTEREXCHANGE TRAFFIC COMPENSATION

11.1 For intrastate intraLATA toll service traffic, compensation for termination of intercompany traffic will be at terminating access rates for Message Telephone Service (MTS) and originating access rates for 800 Service, including the Carrier Common Line (CCL) charge where applicable, as set forth in each Party's Intrastate Access Service Tariff, but not to exceed the compensation contained in the ILEC's tariff in whose exchange area the End User is located. For interstate intraLATA intercompany service traffic, compensation for termination of intercompany traffic will be at terminating access rates for MTS and originating access rates for 800 Service including the CCL charge, as set forth in each Party's interstate Access Service Tariff, but not to exceed the compensation contained in the ILEC's tariff in whose exchange area the End User is located.

12. BILLING ARRANGEMENTS FOR TERMINATION OF LOCAL TRAFFIC -- SBC-SWBT ONLY

12.1 In **SBC-SWBT** other than for traffic described in Section 6 above, each Party shall deliver monthly settlement statements for terminating the other Party's traffic based on the following:

12.2 Each Party shall, unless otherwise agreed, adhere to the detailed technical descriptions and requirements for the recording, record exchange, and billing of traffic using the guidelines as set forth in the Technical Exhibit Settlement Procedures (TESP), as set forth on the **SBC-SWBT** website. Each Party will transmit the summarized originating minutes of usage within fifteen (15) business days following the prior month's close of business for all traffic including local, transiting, and optional EAS via the 92-type record process to the transiting and/or terminating Party for subsequent monthly intercompany settlement billing. This information will also be utilized by the Parties for

use in verifying and auditing to confirm the jurisdictional nature of Local Calls and is required from the originating Party under the terms of this Appendix.

- 12.3 In **SWBT-TX** territory, where technically feasible, the terminating carrier's records shall be used to bill originating carriers (excluding transiting carriers) for reciprocal compensation, unless both the originating and terminating carriers agree to use originating records. Where a terminating carrier is not technically capable of billing the originating carrier (excluding transiting carriers) through the use of terminating records, the terminating carrier shall use any method agreed upon between the parties.
- 12.4 As ordered by the Texas PUC in Docket No. 21982, for traffic which is originated by **SWBT-TX** or CLEC and terminated on the other Party's network, if the percentage of calls passed with CPN is greater than ninety percent (90%), all calls exchanged without CPN information will be billed as either Local Calls or IntraLATA Toll Calls in direct proportion to the MOUs of calls exchanged with CPN information. If the percentage of calls passed with CPN is less than 90%, all calls passed without CPN will be billed as IntraLATA Switched Access.
- 12.5 On a monthly basis, each Party will record its originating MOU including identification of the originating and terminating NXX for all intercompany calls.
- 12.6 Each Party will transmit the summarized originating MOU above to the transiting and/or terminating Party for subsequent monthly intercompany settlement billing.
- 12.7 MOUs for the rates contained herein will be measured in seconds by call type, and accumulated each billing period into one (1) minute increments for billing purposes in accordance with industry rounding standards.
- 12.8 Where CLEC has direct End Office Switch and Tandem Office Switch interconnection arrangements with **SBC-13STATEs**, **SBC-13STATEs** will multiply the Tandem Office Switch routed terminating MOU and End Office Switch routed terminating MOUs by the appropriate rates in order to determine the total monthly billing to each Party.
- 12.9 In those cases where it is not technically feasible for **SWBT-TX** or CLEC to bill from terminating recordings, **SWBT-TX** or CLEC may elect to compensate each other based on any method of billing agreed to by the parties for usage terminated through *December 12, 2001*. Beginning *December 13, 2001*, or earlier if technically feasible, **SWBT-TX** and CLEC agree to use terminating recordings when rendering bills for the transport and termination of Local traffic to the originating carrier, unless **SWBT-TX** and CLEC mutually agree to some other method of billing. Options that may be chosen by CLEC to be used during the interim period addressed in this paragraph are:

12.9.1 Option A: Category 92 Recordings

12.9.1.1 **SWBT-TX** and CLEC agree to exchange originating recordings.

12.9.1.2 If one Party does not receive the summarized category 92 records on a monthly basis, the originating carrier will compensate the terminating carrier for all Local Traffic at the bifurcated end office rate.

12.9.2 Option B: Default Ratio

12.9.2.1 **SWBT-TX** and CLEC agree to use the ratio of traffic as determined by the exchange of originating records for MOU exchanged during the time period of April 1, 2000 through June 30, 2000. An absence of originating records received by **SWBT-TX** or CLEC is considered zero (0) originated traffic for purposes of calculating the default ratio.

12.9.2.2 The default ratio, once established, will be used in order for **SWBT-TX** to render a bill for the transport and termination of Local traffic to CLEC.

12.9.3 Option C: Originating Records

12.9.3.1 **SWBT-TX** and CLEC agree that the terminating Party that is not capable of billing the originating Party through the use of terminating records shall accept such summarized reports of originating minutes of use as may be generated by the originating Party.

12.9.4 Option D: Any Mutually Agreed to Method

12.9.4.1 To the extent that the parties cannot mutually agree upon one of the methods listed above, the parties will settle the interim billing method in a post interconnection dispute.

13. **BILLING FOR MUTUAL COMPENSATION -- SBC-AMERITECH, NEVADA, PACIFIC, SNET**

- 13.1 In **SBC-AMERITECH**, **NEVADA**, **PACIFIC**, and **SNET**, each Party will calculate terminating interconnection minutes of use based on standard Automatic Message Accounting (AMA) recordings made within each Party's network. These recordings are the basis for each Party to generate bills to the other Party. For purposes of reciprocal compensation only, measurement of minutes of use over Local Interconnection Trunk Groups shall be in actual conversation seconds. The total conversation seconds over each individual Local Interconnection Trunk Group will be totaled for the entire monthly bill and then rounded to the next whole minute.
- 13.2 Each Party will provide to the other, within fifteen (15) calendar days, after the end of each quarter, a usage report with the following information regarding traffic terminated over the Local Interconnection Trunks:
- 13.2.1 Total traffic volume described in terms of minutes and messages and by call type (local, toll, and other) terminated to each other over the Local Interconnection Trunk Groups, and
- 13.2.1.1 Percent Local Usage (PLU)
- 13.2 PLU is calculated by dividing the Local MOU delivered to a party for termination by the total MOU delivered to a Party for termination.
- 13.3 Upon thirty (30) days written notice, each Party must provide the other the ability and opportunity to conduct an annual audit to ensure the proper billing of traffic between the Parties' networks. The Parties agree to retain records of call detail for six (6) months from when the calls were initially reported to the other Party. The audit will be conducted during normal business hours at an office designated by the Party being audited. Audit requests shall not be submitted more frequently than twice per calendar year for each call detail type unless a subsequent audit is required. Audits shall be performed by a mutually acceptable independent auditor paid for by the Party requesting the audit. Based upon the audit, previous compensation, billing and/or settlements will be adjusted for the past twelve (12) months. Also, if the PLU is adjusted based upon the audit results, the adjusted PLU will apply for the nine (9) month period following the completion of the audit. If, as a result of the audit, either Party has overstated the PLU or underreported the call detail usage by twenty percent (20%) or more, that Party shall reimburse the auditing Party for the cost of the audit and will pay for the cost of a subsequent audit which is to happen within nine (9) months of the initial audit.

14. APPLICABILITY OF OTHER RATES TERMS AND CONDITIONS

- 14.1 Every interconnection, service and network element provided hereunder, shall be subject to all rates, terms and conditions contained in this Agreement which are legitimately related to such interconnection, service or network element. Without limiting the general applicability of the foregoing, the following terms and conditions of the General Terms and Conditions are specifically agreed by the Parties to be legitimately related to, and to be applicable to, each interconnection, service and network element provided hereunder: definitions, interpretation, construction and severability; notice of changes; general responsibilities of the Parties; effective date, term and termination; fraud; deposits; billing and payment of charges; non-payment and procedures for disconnection; dispute resolution; audits; disclaimer of representations and warranties; limitation of liability; indemnification; remedies; intellectual property; publicity and use of trademarks or service marks; no license; confidentiality; intervening law; governing law; regulatory approval; changes in End User local exchange service provider selection; compliance and certification; law enforcement; no third party beneficiaries; disclaimer of agency; relationship of the Parties/independent contractor; subcontracting; assignment; responsibility for environmental contamination; force majeure; taxes; non-waiver; network maintenance and management; signaling; transmission of traffic to third parties; customer inquiries; expenses; conflicts of interest; survival; scope of agreement; amendments and modifications; and entire agreement.